

Senate File 27 - Introduced

SENATE FILE 27

BY BOLKCOM

A BILL FOR

1 An Act limiting the amount of research activities tax credit
2 that is refundable and including retroactive applicability
3 provisions.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 15.335, subsection 8, Code 2021, is
2 amended to read as follows:

3 8. Any credit in excess of the tax liability for the taxable
4 year shall be refunded with interest in accordance with section
5 421.60, subsection 2, paragraph "e". However, the aggregate
6 amount of the tax credit that may be refunded pursuant to this
7 section and section 422.10 or section 422.33, subsection 5,
8 shall not exceed one million dollars per taxpayer per tax year.
9 In lieu of claiming a refund, a taxpayer may elect to have the
10 overpayment shown on its final, completed return credited to
11 the tax liability for the following year.

12 Sec. 2. Section 422.10, subsection 4, Code 2021, is amended
13 to read as follows:

14 4. Any credit in excess of the tax liability imposed by
15 section 422.5 less the amounts of nonrefundable credits allowed
16 under [this subchapter](#) for the taxable year shall be refunded
17 with interest in accordance with [section 421.60, subsection 2,](#)
18 [paragraph "e".](#) However, the aggregate amount of the tax credit
19 that may be refunded pursuant to this section and section
20 15.335 shall not exceed one million dollars per taxpayer per
21 tax year. In lieu of claiming a refund, a taxpayer may elect to
22 have the overpayment shown on the taxpayer's final, completed
23 return credited to the tax liability for the following taxable
24 year.

25 Sec. 3. Section 422.33, subsection 5, paragraph g, Code
26 2021, is amended to read as follows:

27 g. Any credit in excess of the tax liability for the taxable
28 year shall be refunded with interest in accordance with section
29 421.60, subsection 2, paragraph "e". However, the aggregate
30 amount of the tax credit that may be refunded pursuant to this
31 subsection and section 15.335 shall not exceed one million
32 dollars per taxpayer per tax year. In lieu of claiming a
33 refund, a taxpayer may elect to have the overpayment shown on
34 its final, completed return credited to the tax liability for
35 the following taxable year.

1 Sec. 4. RETROACTIVE APPLICABILITY. This Act applies
2 retroactively to January 1, 2021, for tax years beginning on
3 or after that date.

4 EXPLANATION

5 The inclusion of this explanation does not constitute agreement with
6 the explanation's substance by the members of the general assembly.

7 Under current law, research activities tax credits are
8 refundable, meaning any amount of the tax credits in excess of
9 a taxpayer's tax liability are issued to the taxpayer in the
10 form of a tax refund.

11 This bill limits the aggregate amount of research activities
12 tax credits that may be refunded to \$1 million per taxpayer
13 per taxable year. This limitation includes the individual and
14 corporate research activities credits, and the supplemental
15 research activities tax credit awarded by the economic
16 development authority under Code section 15.335.

17 The bill applies retroactively to January 1, 2021, for tax
18 years beginning on or after that date.